

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF MOUNTAIN)
UTILITIES, INC., TO INCREASE) CASE NO. 7699-A
ITS RETAIL GAS RATES)

O R D E R

On March 31, 1982, Kentucky-West Virginia Gas Company ("Kentucky-West") filed with the Federal Energy Regulatory Commission ("FERC") at Docket No. TA80-1-46 and RP80-7 revised tariff sheets to its FERC Gas Tariff, Original Volume No. 1, Kentucky-West has placed an effective date of May 1, 1982, upon the effected tariff sheets. This Commission has no jurisdiction in that case.

On November 9, 1978, the Natural Gas Policy Act was signed into law, which established significantly higher rates for producers of certain categories of natural gas. This federal legislation has resulted in higher gas costs to interstate pipeline companies serving the various gas consuming states, including Kentucky. Once the FERC approves the right of these interstate transmission companies to pass this increased cost on to its distribution company customers, state commissions must, in turn, allow intrastate distributors to pass

their increased costs on to their customers by adjusting the base rates.

On July 16, 1980, the Commission issued its Order in Case No. 7699 prescribing certain rates and authorizing a purchased gas adjustment clause.

On April 6, 1982, Mountain Utilities, Inc., ("Mountain") notified the Commission that its wholesale cost of gas would be increased by its supplier, Kentucky-West, effective May 1, 1982, and submitted with its notice certain information in compliance with this Commission's Order of July 16, 1982. The notice set out certain revisions in rates which Mountain proposed to place in effect with gas supplied on and after May 1, 1982, said rates being designed to increase the cost of natural gas of its supplier in the amount of \$192,505.

The Commission after consideration of the information filed by Mountain in this matter and being fully advised is of the opinion and finds that:

1. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the FERC in approving these supplier increases. We continue to be opposed and are continuing to seek alternate ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

2. The FERC approval of a wholesale rate increase to a Kentucky gas retailer requires approval of the Commission of rates that will permit the Kentucky utility to

adjust its customer charges to reflect the added purchase cost, or alternately the utility must absorb the added cost. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unjust to the Company and would ultimately result in higher rates to their consumers in any event.

3. When the FERC "accepts" Kentucky-West's filing and makes it effective, Kentucky-West will begin charging Mountain the new rates. This order cannot be implemented until and unless this occurs.

4. Mountain's supplier, Kentucky-West, on March 31, 1982, filed with the FERC for increased rates to become effective May 1, 1982, and that the increase sought by Mountain reflects Kentucky-West's rates as so filed.

5. The Commission should allow Mountain to place into effect, subject to refund, the rates in Appendix A as soon as the Kentucky-West filing is made effective by FERC.

6. Mountain's adjustment in rates under the purchased gas adjustment clause approved by the Commission in its Order in Case No. 7699 dated July 16, 1980, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that said purchased gas adjustment sought by Mountain and adjusted as previously

mentioned be and is hereby approved, as in Appendix A attached hereto and made a part hereof, to be effective subject to refund, with gas supplied on and after the date the increased cost of wholesale gas becomes effective ("acceptance" by FERC).

IT IS FURTHER ORDERED that for the purpose of the future adjustment of the purchased gas adjustment clause of Mountain the base rate for purchased gas shall be:

Commodity

Kentucky-West Virginia Gas Company 310.00¢/dth

IT IS FURTHER ORDERED that Mountain Utilities, Inc., shall maintain its records in such manner as will enable it, or the Commission, or any of its customers, to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that within 30 days after the date of this Order, Mountain shall file with this Commission its revised tariff sheets setting out the rates approved herein.

IT IS FURTHER ORDERED that the information furnished this Commission by Mountain on April 6, 1982, constitutes full compliance with the Commission's Order in Case No. 7699 and any other information ordinarily required to be filed under the Commission's regulations is hereby waived.

1982.

Done at Frankfort, Kentucky, this 28th day of April,

PUBLIC SERVICE COMMISSION

Martin M. Cook
For the Commission

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 7699-A DATED APRIL 28,
1982

The following rates are prescribed for the customers in the area served by Mountain Utilities, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

First	2 MCF	\$5.3175 per MCF
Next	48 MCF	4.8081 per MCF
All Over	50 MCF	4.6881 per MCF

The minimum monthly bill shall be \$3.64 when less than 2 MCF is used.